VSB – TECHNICAL UNIVERSITY OF OSTRAVA
FACULTY OF ECONOMICS

DEPARTMENT OF FINANCE

Finanční analýza společnosti Tatry Mountain Resorts, a.s.

Financial Analysis of Tatry Mountain Resorts

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1. Introduction
2. Description of the Financial Analysis Methodology
3. Characterization of Tatry Mountain Resorts, a.s.
4. Financial Analysis of the Company
5. Conclusion

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The declaration

"Herewith I declare that I elaborated the entire thesis, including all annexes, independently.

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Contents

1 Introduction

With the rapid economic development, financial analysis is getting more and more important. Many people will ask what the financial analysis is. Financial analysis is an instrument, which in order to make financial decision, people need to choose, assess, and get financial information by financial analysis. We can see the operating condition of a company through the financial analysis. If the company has some problem, we can find a solution in time.

The objective of bachelor thesis is to apply financial analysis methodology to analyze the Tatry Mountain Resort company during period 2010-2014.

This bachelor thesis is divided into five parts. The first chapter is the introduction and the final part is the conclusion.

In the second chapter, we introduce selected basic financial analysis methodologies. We describe the financial statement, vertical and horizontal analysis, ratios, and so on.

In the third chapter, we introduce the Tatry Mountain Resort company, including the history of the company, share of the company, leadership of the company, strategy of the company and management of the company. By introducing these aspects, we can know the background of the company, it is beneficial to analyze the financial detail of the company.

In the fourth chapter, we analyze the Tatry Mountain Resort company, we can find financial data from the company's office website, through these data, we will analyze financial condition of this company. Firstly, we use the common size analysis to assess the basic situation of financial statement of the TMR company. Next, we use the financial ratio including profitability ratios, liquidity ratios, activity ratios and solvency ratios. According to these ratios, we can get more information about this company, we have better idea about situation of company's earning capital, and can get clearer about whether the company of capital structure is reasonable. Of course, we can know the company's development prospect according to these ratios or financial statement.

After the fourth part, a summary of this thesis are given. In this chapter, conclusion about the company condition is described.

2 Description of the Financial Analysis Methodology

As everyone know, every year, many companies will announce their annual financial report. These reports all reflect the financial situation of the companies. According to the report, we can see a lot of information about the companies, we can know the company is getting profit or loss. Of course, managers can analyze the current situation after they are reading the report.

Next, the financial methodology is introduced in chapter 2.

The chapter 2 is divided into two parts: the first part is introduction of financial statement including balance sheet, profit and loss statement, cash flow statement. The second part is introduction of financial analysis, including common size analysis and financial ratio analysis.

2.1 Financial statements

The financial activities of a company are recorded in financial statements. The financial statement has three types: the first type is balance sheet, the second type is profit and loss statement, the third type is cash flow statement.

2.1.1 Balance sheet

The balance sheet is the fundamental financial statement. The balance sheet provides a scene photo of the company at a specific point in time. Asset, equity, and liabilities are three important part of a company balance sheet.

Assets are usually listed first, and typically in order of liquidity. Asset can be divided into two categories: non-current asset (fixed asset) and current asset. For example, cash and cash equivalents belong to current asset, and plant and equipment belong to non-current assets.

"Liabilities represent the obligations of a company arising from past events. The settlement of which is expected to result in an outflow of economic benefits from the company. Generally, it represents the capital provided by creditors that has been borrowed and must be repaid on a predetermined date in the future."(*source: Dluhosova et al.(2014))*

Liabilities can be divided into two categories: current liabilities and long-term liabilities. Current liabilities represent the debt which will be paid off within one year, and long-term liabilities refer to the debt which will be paid off within longer than one year. For example, wages and taxes belong to current liabilities, and long-term bonds belong to long-term liabilities.

Equity is known as the shareholder's equity. Represents the part of capital belonging to the owners or shareholders of a company and it is determined by how many liabilities and how many assets of the company. Formally, shareholders' equity is part of the company's liabilities.

Next, you can know more information from Table 2.1

Table 2.1 Structure of the balance sheet

Non-current asset Tangible asset Intangible asset Financial investment Other long-term asset Current asset **Inventories**	**Equity** Share capital Paid up capital Translation reserve **Non-current liabilities**
Accounts receivable Market securities Repayment Other short-term asset Cash and cash equivalent	Long-term loan Bonds payable Other non-current liabilities **Current liabilities**
	Short-term borrowing Note payable Account payable Dividends payable Other current liabilities

The basic equation underlying the balance sheet is:

$$\text{total asset} = \text{total liabilities} + \text{total equity}\,. \tag{2.1}$$

2.1.2 Income statement

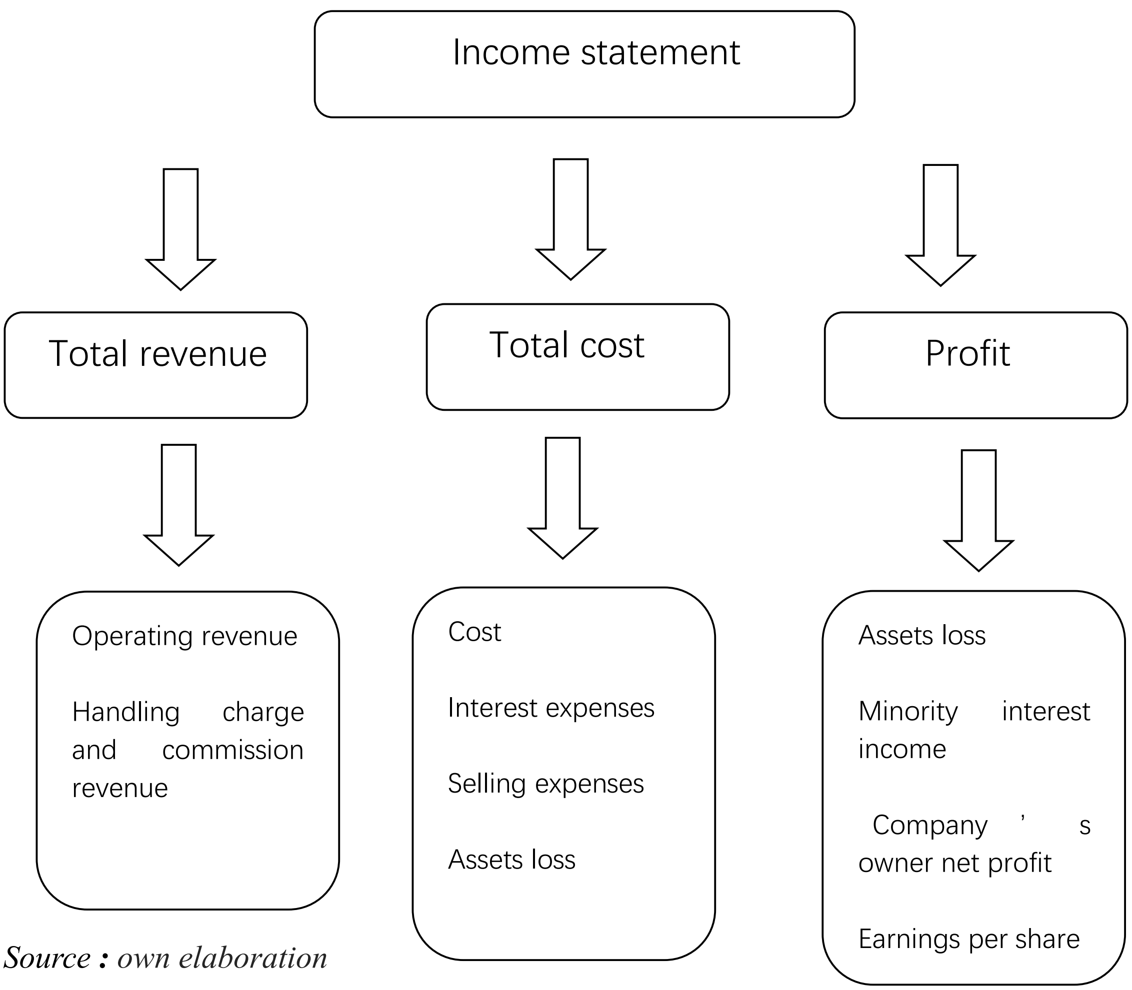
Income statement also is referred to as profit and loss statement (P&L). Income statement provides information on the revenues and costs of the company and resulting profit or loss during a particular period. Income statement has three parts: the first part is revenues, the second part is costs, and the third part is net income.

Revenues refer to amount charged for the delivery of goods or services in the ordinary activities of the company. Costs refer to amount that must be spent in the ordinary activities of the company. Finally, net income also refers to earnings after taxes (EAT).These represent the total earnings of the company's equity holders.

The basic equation underlying the income statement is:

$$\text{revenue} - \text{cost} = \text{net income/ loss.} \quad (2.2)$$

Figure 2.2 The division of P&C statements



Source : *own elaboration*

2.1.3 Cash flow statement

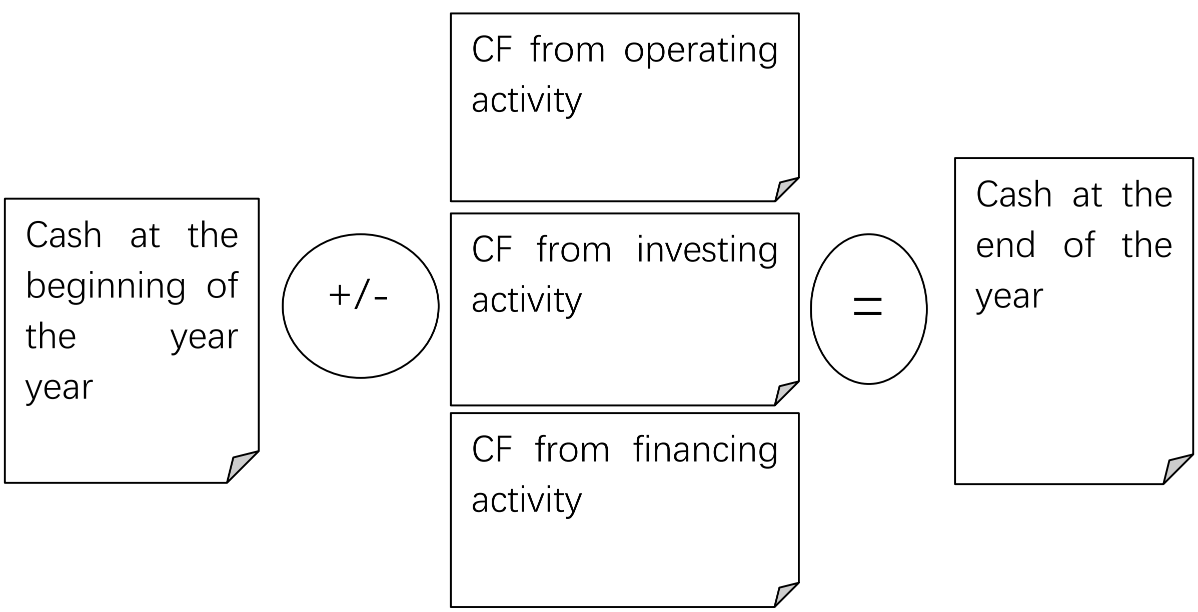
The cash flow statement provides information about a company's inflow and outflow during an accounting period. As an analytic tool, the statement of cash flows is useful in determining the short-term viability of a company, particularly its ability to pay bill. In past years, many companies thought balance sheet and income statement is very important, but with the expansion of company, managers need more financial information, and lots of company go bankrupt because of capital turnover, gradually, cash flow statement receive attention. Cash flow statement can be divided into three classification of activities: operating activity, investing activity and financing activity.

Operating activities include producing, selling and delivery goods. For instance, company buy raw material ,advertisement and delivery the goods.

Investing activities includes purchase or sale of an asset, loans made to suppliers or received from customers.

Financing activities include the inflow of cash from investors such as banks and shareholders, as well as the outflow of cash to shareholders as dividends as section of the cash flow statement.

Figure 2.3 Calculation of cash flow statement



Source: own elaboration based on Dluhosova et al.(2014)

2.2 Financial analysis

Financial analysis（also referred to as accounting analysis) is one of vital parts of the financial management of a company. In a company, we often should use financial analysis to deal with problem, for example, we want to know the company make profit or loss, so we must use financial analysis to analyze some data of the company. Of course, when we analyze the company condition, we need to use some financial ratio to decide, for instance, we can see the earnings of a company through the profitability. In a word, financial analysis can provide the necessary recommendation for its future development.

One of the most used absolute metrics is net cash, which is given as cash and payables due. And net working capital is another liquidity metrics.

Net working capital

Net working capital is a part of current asset. It refers to difference between current assets and current liabilities. It is a formula to measure financial risk of a company. It was used mainly to measure the degree of avoiding liquidity problems. The formula is as follows:

$$\text{Net working capital} = \text{Current assets} - \text{current liabilities}, \tag{2.3}$$

Or

$$\text{Net working capital} = \text{long-term sources} - \text{long-term asset}. \tag{2.4}$$

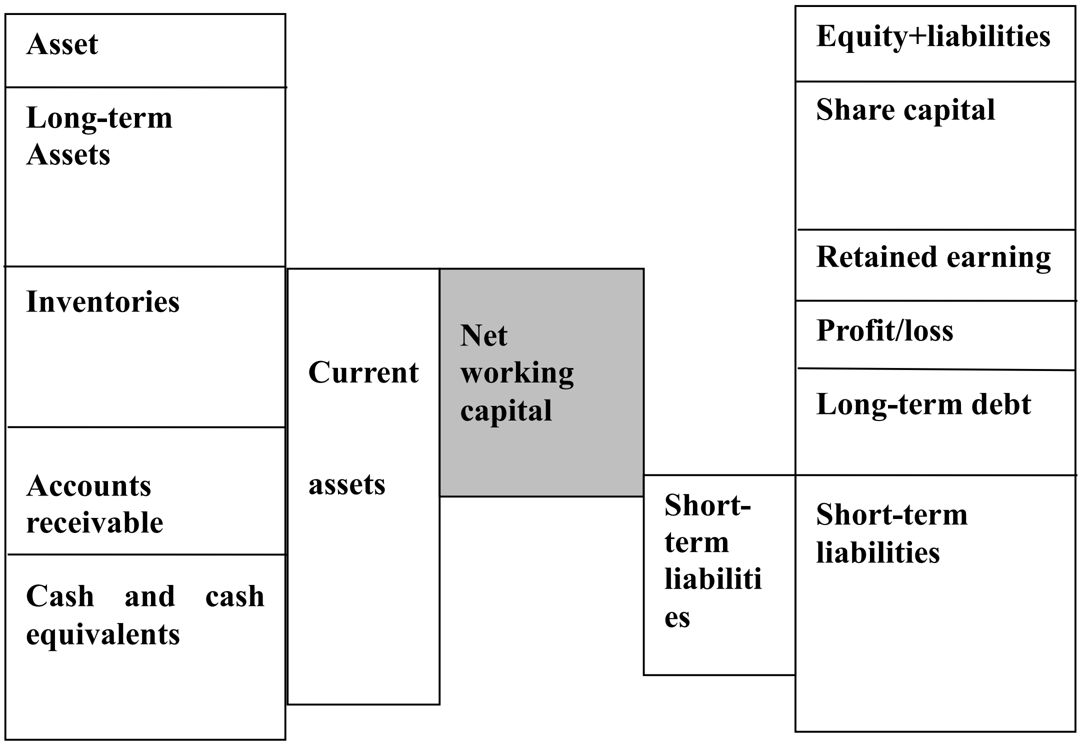
2.2.1 Financial ratio analysis

Financial ratio is percentage of two data in financial statement, and these ratios involve enterprise’s process. And the financial ratio can be divided into five groups: profitability ratios, liquidity ratio, activity ratio, solvency ratio, market ratio. Every ratio offers some different analysis. The financial ratios have became very important, because these ratios can show the company is good or not directly and definitely.

Activity ratios

Activity ratio is a ratio that an enterprise to measure the effective utilization of resources these ratios reflect the efficient management of both working capital management and long-term asset. Most of companies want to try their best to earn more revenues by turning their production into cash quicker.

Figure 2.4 Net working capital on the balance sheet of a company



Source: Dluhosova et al.(ostrava 2014)

Inventory turnover

Inventory is very important to the company. As everyone known, if a company want to get profit, it must be managed the inventory. The formula is as follows:

$$Inventory \text{ turnover ratio } = \frac{\text{Revenues}}{\text{Average inventory}} \ , \qquad (2.5)$$

$$Inventory \text{ days ratio} = \frac{\text{Average inventory}}{\text{Re}\,venues} \ 360 \ . \qquad (2.6)$$

From these ratio formulas, we can see that the higher inventory turnover ratio, the short time when the inventory on hand. The lower inventory turnover ratio, the long time when the inventory on hand.

Receivable turnover

The receivable turnover ratio indicates how efficiently a company manages its receivables. The formula is as follows:

$$\mathrm{Re}\mathit{ceivable}\ \text{turn} = \frac{\text{Revenues}}{\text{Average receivables}}\ , \tag{2.7}$$

$$\mathrm{Re}\mathit{ceivable}\ \text{days} = \frac{\text{Average receivables}}{\mathrm{Re}\mathit{venues}}\ 360 \tag{2.8}$$

As a general rule, the higher the receivable turnover ratio the better. The ratio is higher, its refer to receive accounts quickly, and the asset liquidity is strong.

Total assets turnover

the total asset turnover ratio is a financial ratio the measure the efficiency of a company's use of its assets in generating sales revenue or sales income to the company. The formula is as follows:

$$\mathit{Total}\ \text{asset turnover ratio} = \frac{\text{Revenues}}{\text{Average total asset}}. \tag{2.9}$$

Companies with low profit margins tend to have high asset turnover. On the contrary, companies with high profit margins have low asset turnover.

Profitability ratio

The profitability ratio refers to a company's ability to get profit. This is the basis of survival and development, and the managers of the company pay attention to it extremely.

Return on asset

Return on asset is a ratio of how profit can get from the total assets. Return on asset is displayed as a percentage, sometimes, the ratio is referred to as "return on investment". The formula is as follows:

$$\mathrm{Re}\mathit{turn}\ \text{on asset} = \frac{\text{EBIT}}{\text{Average total asset}}\ . \tag{2.10}$$

Form the formula, we can see that the higher the ratio, the more income. Usually, the managers pay special attention to the ratio.

Operating profit margin

The operating profit margin refer to the percentage of operating profit divided by revenue. It is a ratio to measure business of a company. It reflects that manager's ability of make profit through operating without regard to non-operating cost. the formula is as follows:

$$operating\ profit\ m\arg in = \frac{EBIT}{Rvenues}. \tag{2.11}$$

From the formula, we can get a information that a higher operating profit margin indicates a combination of higher product pricing and lower production and overhead costs.

Return on equity ratio

The return on equity ratio measure the return earned by a company on its equity capital, including minority equity, preferred equity and common equity. (*source in Dluhosova et al . 2014*) The formula is as follow

$$\mathrm{Re}\mathit{turn}\ \text{on equity ratio} = \frac{\text{EAT}}{\text{Average total equity}}. \tag{2. 12}$$

Where EAT means earning after tax. This is a ratio that used for assessing company ability of profitability, and can compare different companies ability of profitability in one industry.

Liquidity ratio

The liquidity ratio is used to measure ability that liquid asset of company in short-term debt before maturity, it can be turned into cash for repay debt. On generally, the higher the ratio, the higher the ability of asset turn into cash.

Current ratio

The current ratio expresses the current assets in relation to the current liabilities. The formula is as follows:

$$Current\ \text{ratio} = \frac{\text{Current assets}}{Current\ liabilities}. \tag{2.13}$$

From this formula, a higher ratio indicates a higher level of liquidity. In contract, a lower ratio indicates a lower level of liquidity.

Quick ratio

The quick ratio is more professional measure of liquidity than the current ratio, because the quick ratio uses more liquid current assets to calculate. The formula is as follows:

$$Quick\ \text{ratio} = \frac{\text{Current asset - Inventory}}{Current\ \text{liabilitie s}}\ . \tag{2.14}$$

From this formula, we can find out that inventory is detracted from current assets,this makes the formula more stringent.

Cash ratio

The cash ratio reflects the company's cash ability. The formula is as follows:

$$Cash\ \text{ratio} = \frac{\text{Cash} + \text{Short}-\text{term market securities}}{Current\ \text{liabilitie s}}. \tag{2.15}$$

From the formula, short-term marketable securities is referred to original maturities greater than three months and remaining maturities less than one year. the short-term marketable securities is a part of cash equivalents.

Solvency ratios

The solvency ratio also refers to debt to asset ratio. Leverage refer to a company's ability to fulfil its long-term debt obligation.

Debt ratio

the debt ratio focus in the balance sheet and measure amount of debt capital relative to equity capital. The formula is as follows;

$$Debt\ \text{ratio} = \frac{\text{Total debt}}{Total\ \text{liabilitie s}}\ . \tag{2.16}$$

From this formula, we can see that a higher level of debt means higher financial risk and thus weaker solvency.

And other ratios:

$$Long\text{-}term\ \mathrm{debt} = \frac{\text{Long - term debt}}{Total\ \text{asset}}, \tag{2.17}$$

$$Current\ \text{debt ratio} = \frac{\text{Short - term debt}}{Total\ \text{asset}}. \tag{2.18}$$

Financial leverage ratio

the financial leverage ratio is a measure of a company hold how much asset relative to its equity. The higher ratio the more risker, because a high financial leverage ratio means that a company is using much debt to finance its assets. Of course, the level of leverage depend on many factors, for example, strength of operating cash flow and tax treatment, and so on.

The formula is as follows:

$$Financial\ \text{leverage ratio} = \frac{\text{Total asset}}{Total equity}. \tag{2.19}$$

Interest coverage ratio

The interest coverage ratio is a percentage of company's earning before interest and tax and interest fees. The formula is as follows:

$$\text{Interest coverage} = \frac{\text{EBIT}}{\text{I}}. \tag{2.20}$$

Here I means interest.

According to the formula, we can see that a higher interest coverage ratio, the stronger ability to pay the interest fees. So, the creditor need to analyze the ratio to measure the degree of debt security.

2.3 Common-size analysis

Common-size analysis is a kind of method which we use it to analysis financial statement. And these data all change over the time, and we can analysis their development trends or major differences by this method. Of course, we can deal with some problems in time after analysis the data.

Besides, there are two types in common-size analysis: first is horizontal common-size analysis; and another one is vertical common-size analysis.

2.3.1 Horizontal common-size analysis

Horizontal common-size analysis also refers to trend analysis. It will reflect current financial condition information of a company and reflect previous financial condition information. This method means that current information compare with previous financial condition. It use for studying of change in development of financial condition. The relevant points of the Horizontal common-size analysis would be computed as:

$$\textit{Absolute}\ \text{change} = \mathrm{U}_1 - U_{t-1} \tag{2.21}$$

$$\textit{Percentage}\,\text{change} = \frac{\left(\mathrm{U}_{\mathrm{t}} - U_{T-1}\right)}{U_{t-1}} \bullet 100\% \tag{2.22}$$

Where U_t is amount of analysis period U_{T-1} is amount of previous period, the previous period can be last year.

2.3.2 Vertical common-size analysis.

Vertical analysis is also called static analyze. In balance sheet, we use every item compare with totality, we can get some information about location of these items ,changes and importance, This analytical method correspond with horizontal analysis method. Horizontal analysis focus on the project comparing different years, but in contract, the vertical analysis method will tend to focus more on internal structure analysis. the working principle of vertical common-size analysis follow:

$$\%E = \frac{X_i}{\sum_n X_i} \bullet 100\% \tag{2.23}$$

Where $\sum_n X_i$ is represent benchmark, total revenue, total asset or total abilities, for example. And X_i is the item which is compare with the benchmark.

3 Characterization of the Tatry Mountain Resorts(TMR)

In this chapter, we will describe financial characterization of a company of Czech republic—— Tatry Mountain Resort. For example, company's profile, history, strategy, and so on.
Source for this part is company website: http://www.tmr.sk/home/

3.1 Company profile

Tatry mountain resorts, a.s. (TMR, the Company) is the leader in operation of mountain resorts and provision of tourist services in Central and Eastern Europe with a portfolio that includes the most prestigious mountain resorts, leisure parks, and hotels in the region.
From the company's official website, we can know that company is focused in three key segments: Mountains&Leisure; Hotel; and Real Estate.
First, Mountain&Leisure. It includes mountain resorts in the high and low tatras and in the Polish Beskid Mountains, offering 95 km of ski trails; Aquapark Tatralandia(SK); Silesian Amusement park(PL); and complex services, such as dining, ski schools, sports shops, ski rental, and service.
Second, hotels. Hotels in the proximity of TMR resorts in the High and low Tatras. The total hotel capacity of the hotels that TMR owns and operates is more than 2,500 beds in 704 rooms.
The most recent activity of TMR is its real estate business. The goal is to develop infrastructure and construction activity in the mountain regions. In its realization the company plans to capitalize on the unique location in the high and low taras region. TMR's strategy in this segment is mostly development, construction, and sale of apartments and non-housing areas. Currently, the construction of the project Chalets Jasna otupne is underway. Another project, Jasná Center is in the planning phase. Alongside these projects necessary infrastructure is being built for the natural development of tourism in the following areas – cableways, network, trails, information signs, etc. TMR is not planning any green-field projects. It focuses solely on traditional, urban areas, where sport and tourism have been part of history for decades.
In addition, the annual average number of the company employees for the financial year 2014/15 totaled 1,009. This proves that the company is considered a major and credible employer in the region. This company is employing 60% men and 40% women as an effort to provide equal

employment opportunity. Besides, the company gives an employment opportunity to young people, and 32% of core employees belong to the 18-30 age group.

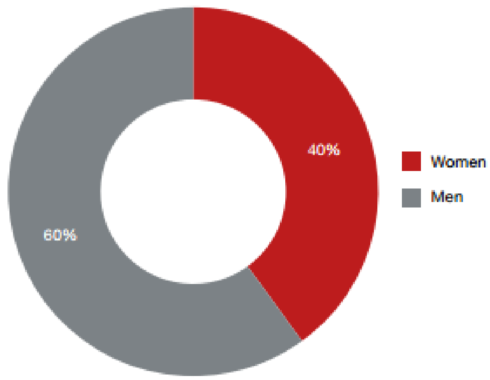


Figure 3.1 Employees' gender structure

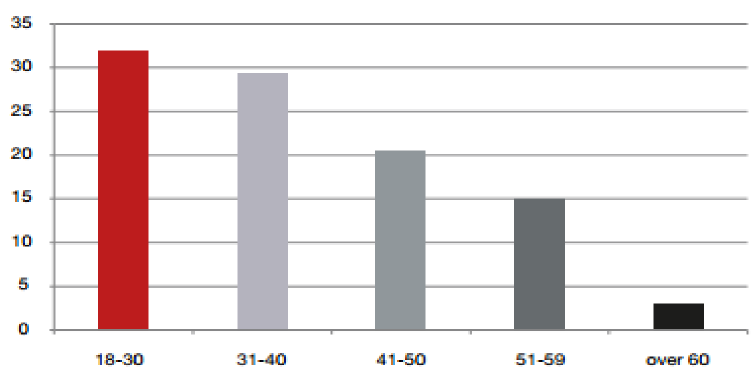


Figure 3.2 Employees' age structure %

3.2 History of the company

As everyone know, every company should spend much time on managing own company, every big company is developed by small companies, it is not just need capital, technical and talented persons, managers also very important. In this part, history of the company is introduced.

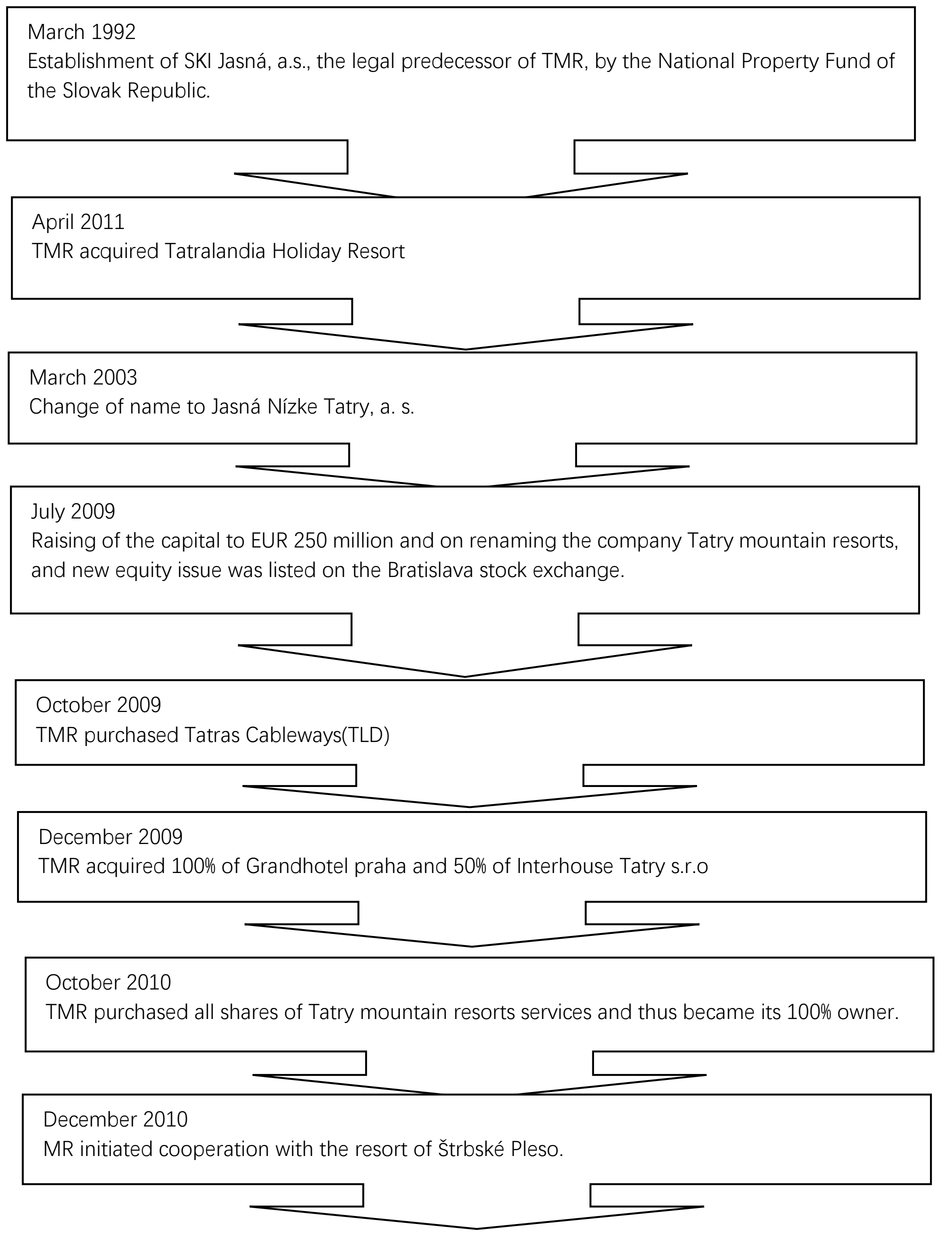


Figure 3.3 The development of the company

In recent years, TMR develops very fast, manager made a great effort to company. In 2012, dual listing of TMR shares on exchanges in Warsaw and Prague. This is a giant leap for the company. Of course, in past years, company bought other company to become bigger company, this is a way to make own company stronger than before, so from 2013 to 2015, TMR acquired shares of other companies or bought other small companies.

3.3 Strategy of the company

TMR has unique position and local natural monopoly, so the company become a premier, internationally renowned services provider striving to revive mountain resorts, aquaparks, theme and amusement parks in the region of Central and Europe from the investment, sports, cultural, and social point of view.

With the rapid development of the company, TMR want to improve their level of services, in particular through business activities divided into three key segment——Mountains&Leisure, Hotels, and Real Estate. In Mountain&Leisure segment covers operation of mountain resorts, an aquapark, a leisure park, and additional services throughout the years. The company will try its best to make profit for the shareholders and provide best services for the clients.

Next, about the strategy. The long term strategic goal of the Company for the next 10 years is to gain a leading role in winter and summer tourism in the region of Central and Eastern Europe. What's more, TMR want to provide the standards in this industry, change the word, TMR want to hold a leading position in this industry. At the same time, it leads the company to differentiation. As the result, TMR tends to offer premium services for reasonable prices in comparison with other similar resorts in Europe.

Most people know, a wide spectrum of services and quality are the key for the company's direction. This aim is based on three part, which are interconnected:

Part one: Improving the quality through investment.

By the end of 2014, TMR has invested in hotels and resorts around 200 million euros for past 8 years. The services are improved because of these investments. TMR resorts thus reached the level of Alpine resorts, and increased their leading position in the region within the industry.

"Investments completed in the last eight years include ten new cableways, which means increase of the transportation capacity by 55%; extension of technical snowmaking by 100% to total of 49.5 km of ski trails with snowmaking and cca 700 snow guns; ski trail areas larger by 46% to 70 km in both the High and the Low Tatras; or tens of après ski bars and restaurants on the slopes of the ski resorts. Other investments were aimed at improvement and renovation of accommodation capacities, enhancement of infrastructure in all the resorts, and at enhancement of the services and operations, such as the Tropical Paradise in Aquapark Tatralandia."

Part two: Strategic acquisitions and expansion of operation in the CEE region

"After fulfilment of the primary vision of the company——New Era the Tatras - in 2012/13." TMR currently pay attention to buy ski resorts and amusement parks on the local market. Of course, on the international level, in the region of the Central and Eastern Europe. " The most recent addition to the Company`s portfolio was Silesian Amusement Park in Poland in May 2015. Other key acquisitions include the mountain resort Szczyrkowski Ośrodek Narciarski (SON) in the Polish Beskid Mountains from March 2014 or Holiday Resort Tatralandia, acquired in April 2011, which includes Aquapark Tatralandia a Holiday Village Tatralandia." Besides, strategic expansion will be always developed. In 2013, TRM funded a Polish company——Krona Ziemi Sp. Z.o.o. It made TMR open the market in Polish. Moreover, TMR has experience in operation of mountain resorts and aquapark , and these experiences give TMR a chance to serve as a management consultant to other similar companies, for instance, aquapark Gino Paradise Bešeňová.

Part three: Constant operations&Services Enhancement

"Management wants to achieve intensive growth of the number of services primarily by intensive customer orientation." If want to achieve this goal, the company need to increase the variety and the quality of the services provided. TMR expends the scale of scenic spots, and "improve the quality of the ski school, ski equipment rentals, and dining facilities on slopes. Moreover, it continuously improves the offer of après ski possibilities. The Company also tries to optimize transport possibilities to its resorts and cooperates with local business entities on the level of regional clusters." TMR tend to cooperate instead of competing. The company want to succeed, it continually improves its level of services, and expends its service items. For example, building attractions for children, building bike park and relaxation zones. It's very human. Regarding accommodation possibilities, TMR focus on four-star hotels and make own wellness and dining services better. And other strategic steps include focus on affluent clientele, essential quality of management and staff, and a sophisticated marketing strategy. And other key to TMR's growth is innovation. In 2013, TMR launched its loyalty program GOPASS, which enables customers to collect point in its loyalty using its services and pay cheap price. At the same time, GOPASS services become a direct marketing tool and company's clients relationship management. "This loyalty program was awarded in 2015 at the Loyalty Awards in London where it won in categories: the best loyalty programme of the year in the travel sector (airlines, hotels, destinations); the Best loyalty programme of the year in Central and Eastern Europe; and the Best Customer Relationship Management (CRM) in a loyalty program for Direct Marketing"

TMR use these three parts to improve its quality of the services and products, and tries to develop the company. Anyhow, led by staff and managers during some years, the company has gone in a way of normalization, specialization and brand development.

3.4 Leadership and management of TMR

Leadership of TMR is divided into three parts: board of directors, supervisory board and committees.

A board of directors is a body of elected or appointed members who jointly oversee the activities of a company. In this company, board of directors are made of a CEO, a CFO, and other members. Such as Bohuš Hlavatý, he is a CEO of TMR. "He was appointed Chairman of the board of directors of TMR in June 2009. Since 2009 he has been performing the role

of CEO of TMR, in which TMR underwent successful revitalization and commenced to utilize synergies among its subsidiaries. He managed a successful issue of TMR stock on the Bratislava Stock Exchange". And CFO of this company is Jozef Hodek, he became a member of the Board of Directors in June 2009. He has held the position of CFO of TMR since 2009. "From 2008 to 2009 he served as Financial Director of Tatry mountain resort services, a.s., which merged into TMR. He took part in the restructuring process of TMR, in issuance of new shares, and their listing on the Bratislava Stock Exchange. Previously, he worked in auditing for Pricewaterhouse Cooper Slovensko from 2006 to 2007."

Supervisory board is a group selected by shareholders and staffs, this group is a fixed and legal for supervising business activities. The supervisory board is made by eight members, including a chairman and seven members. The chairman of supervisory board is Igor Rattaj. He has chaired the Supervisory Board since 2009. "He was reelected by the General Meeting on 12/04/2014. He possesses extensive experiences in finance. He is a member of the Board of Directors of 1. Garantovana, a.s. Apart from that, he sits on numerous supervisory boards and he is a procurator in numerous companies. He held a position of Director of securities trading at J&T Securities. Previously he served as Vice Chairman of the Board of Directors and Director of Private Banking at Podnikatelska Banka in Prague"

Committee is a group that can make decision. Every member has a right to decide, usually, this group can decide a specified event. This committee of TMR is made by two people. Including Jozef Hodek, he is also a member of the Board of Directors and TMR's CFO since 2009.

In our mind, leadership is a very important role for a company, even they have great influence on the development of the company. If a company has an outstanding leader, it will help the company find success. On the contrary, if a company has a bad leader, it will make the company go bankrupt. Next, we should know the company's shareholder structure.

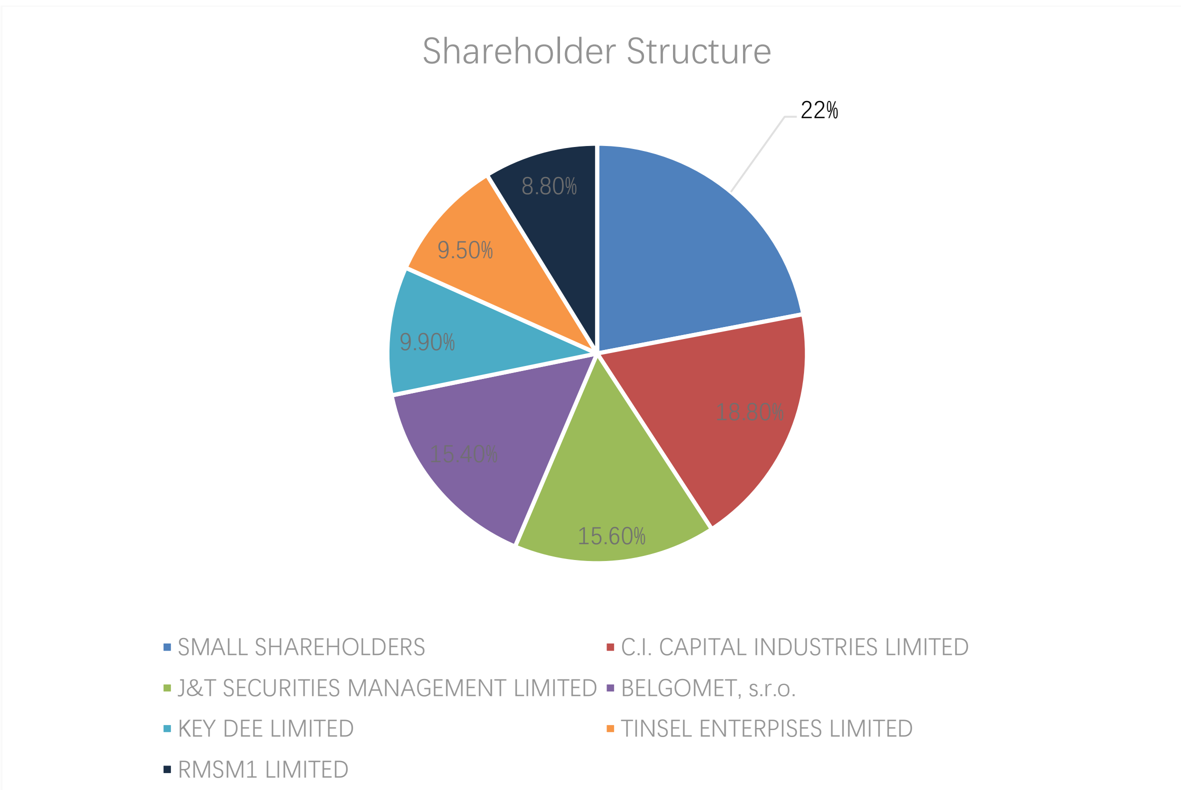


Figure 3.4 Shareholder structure.

Source:http://www.tmr.sk/investor-relations/regulated-information/shareholder-structure/

From figure 3.2, we can see that the company has many different investors. These investors are some small shareholders and C.I.CAPITAL INDUSTRIES LIMITED, J&T SECURITIES MANAGEMENT LIMITED, BELGOMET, s,r,o., KEY DEE LIMITED, TINSEL ENTERPISES LIMITED, RMSM1 LIMITED respectively. Small shareholders take 22% in total shareholders, and as a company, C.I.CAPOTAL INDUSTRIES owns 18.8% of total shareholders, it is highest proportion of all the company. In the next place, J&T SECURITIES MANAGEMENT LIMITED owns 15.6% of total shareholders.

3.5 Share and dividend police of TMR

This part, the factor of change of share price and detail of dividend police are introduced.

3.5.1 Share of TMR

According to introduction of TMR, we can know that company's shares are listed on three stock exchanges, these three stock exchanges are Bratislava Stock Exchange, Prague Stock Exchange and Warsaw Stock Exchange. Next, there are three pictures of stock price graphs on different stock exchange, figure3.5-3.7.

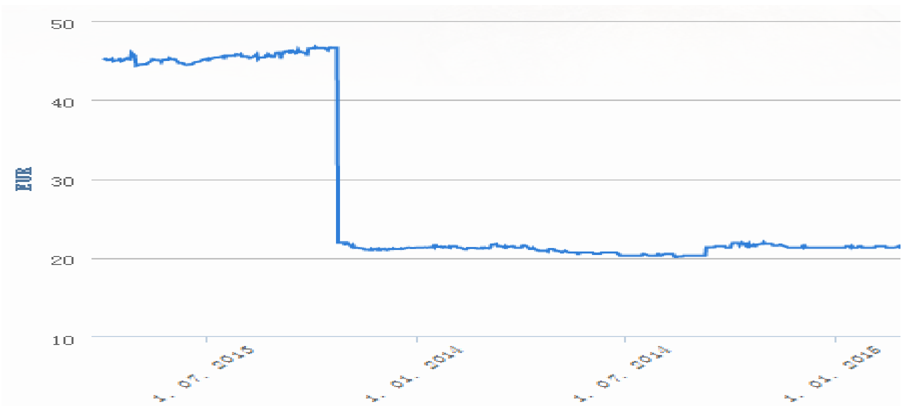


Figure 3.5 Stock price graph on Bratislava Stock Exchange.

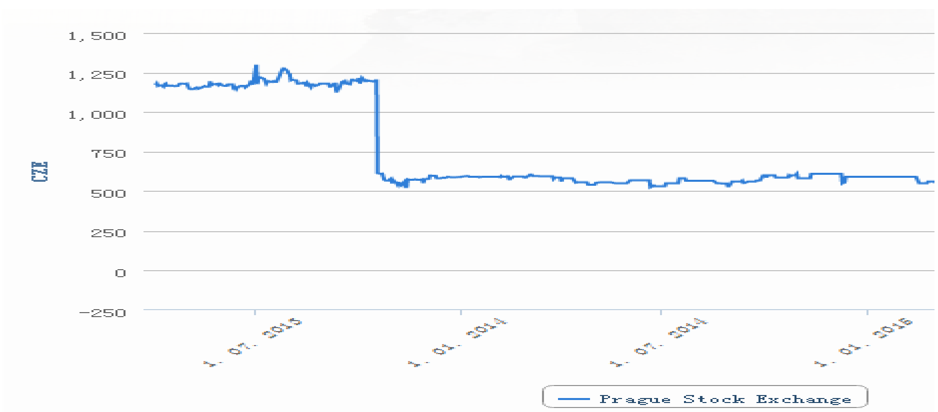


Figure 3.6 Stock price graph on Prague Stock Exchange.

Source:http://www.tmr.sk/investor-relations/shares/?d=1095&type=pl

Figure3.7 stock price graph on Warsaw Stock Exchange.

Source:http://www.tmr.sk/investor-relations/shares/?d=1095&type=pl

As many of you know, there are many influencing factors of change of stock price. For example, economic fluctuation, liquidity tightens and negative information and so on.

From these graphs, the first graph show that the stock price of Bratislava Stock Exchange decreased from around 45EUR in September 2013 to as much as 21EUR in October 2013, and from October 2013 to 2014, the stock price is around 21EUR; and the second graph show that the stock price of Prague Stock Exchange decreased from around 1250CZK in September 2013 to as much as 600CZK in October 2013, and from October 2013 to 2014, the stock price is around 600CZK. The third graph show that the stock price of Warsaw Stock Exchange decreased from around 195PLN in September 2013 to as much as 100PLN in October 2013, and from October 2013 to 2014, the stock price is around 100PLN.

From figure 3.3 to figure.3.5, we can know clearly that stock price of three exchanges dropped from 47EUR to 22 EUR in 22 October 2013. Why the stock price has such big decrease? "The company wants to utilize the capital raised from the issue mainly to pay shareholders from the decrease of share capital, which decreases from EUR 174.4 million to 46.95 million as of 22 October 2013 based on the shareholders' decision." That was the reason why the stock price fall. The company want to decrease the shareholder's equities, this information will greatly affect choice of investors, they may want to sale the stock, it leads the stock price to decrease.

3.5.2 Dividend policy of TMR

Up till 2013, the Board of Directors of TMR declared to pay out at least equal to 70% of net income as dividend each year.

"The right to dividends belongs to every person or legal entity, who in dividend date 3 May 2013(record day to determine the right to dividends is registered as a shareholder of TMR with the Central Securities Depositary SR (CDCP), or that had a custody account opened according to §105a Slovak Act No. 566/2001 Coll. on Securities and Investment Services as amended (Slovak Securities Act)."

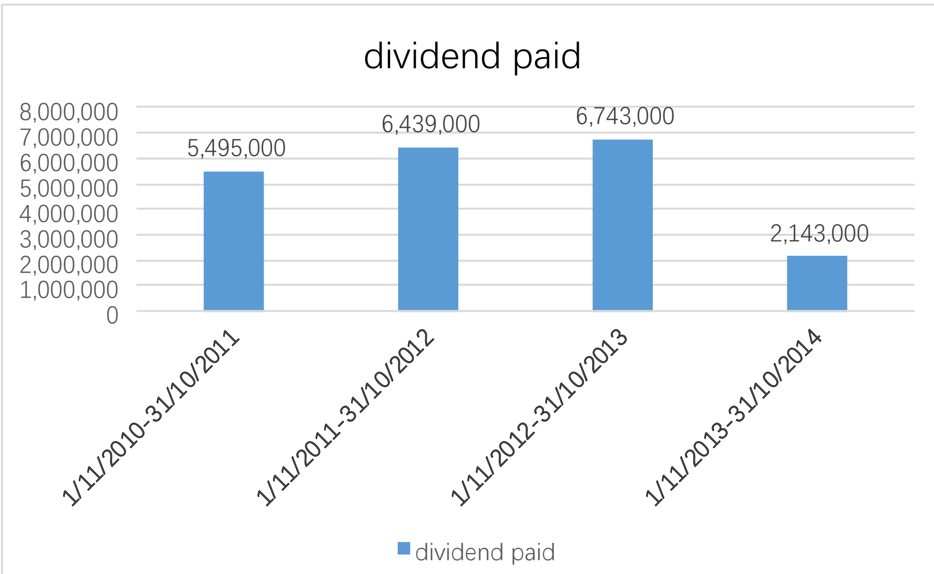


Figure 3.7 Dividend paid of TMR company.

Source: own elaboration based on company's annual reports.

From figure 3.7, we can know TMR company should pay how much money to shareholders every year. We can see that the dividend paid at most during 1/11/2012 to 31/10/2013, the company paid EUR6743000 as dividend. But the dividend paid the least money during 1/11/2013 to 31/10/2013, the company paid EUR 2143000 as dividend. From the dividend policy of TMR company: Up till 2013, the Board of Directors of TMR declared to pay out at least equal to 70% of net income as dividend each year. From this policy we can see the net income was increased in 2013, but the net income was deceased in 2014.

4 Financial analysis of the Tatry Mountain Resorts company

In this part, we will analyze the financial condition of Tatry Mountain Resorts company. Firstly, we use the common-size analysis method including horizontal analysis and vertical analysis to compare the changes according to the data of each financial statement during 2010 to 2014. Next, we apply financial ratio methods to analyze the company. These ratios include profitable ratio, activity ratio, solvency ratio and liquidity ratio. We will describe relation of these ratio, and we will analyze the operation condition of the company.

4.1 Common-size analysis of the TMR company

In this chapter, we will use common-size analysis method to analyze this company. This part can be divided into two parts: vertical common size analysis and horizontal common size analysis.

4.1.1 Vertical common-size analysis

Vertical common-size analysis is a method of financial statement analysis in which each account in a balance sheet is represented as a percentage of the total account.

From the table 4.1 and chart 4.1 we can see that during the years of 2010 to 2014 TMR company's property, plant and equipment took a greater proportion of the total assets, and the huge percentage have almost kept constant, because TMR company is a resort company. Resort company need a large area of land to build many buildings and recreational facilities, of course, the company also need a lot of equipment to provide service.

What's more, from the table and chart we can see that during the year of 2010 to 2014 TMR company's goodwill and intangible assets have a constant increased over time as a percentage of total asset. This shows that with the development of company, the company put more emphasis on the brand and goodwill. Then, we can see the other receivables occupancy more percentage among total assets, especially, in 2011, the other receivables comprise about 28% of total assets. It means that a part of assets of company is used by consumers.

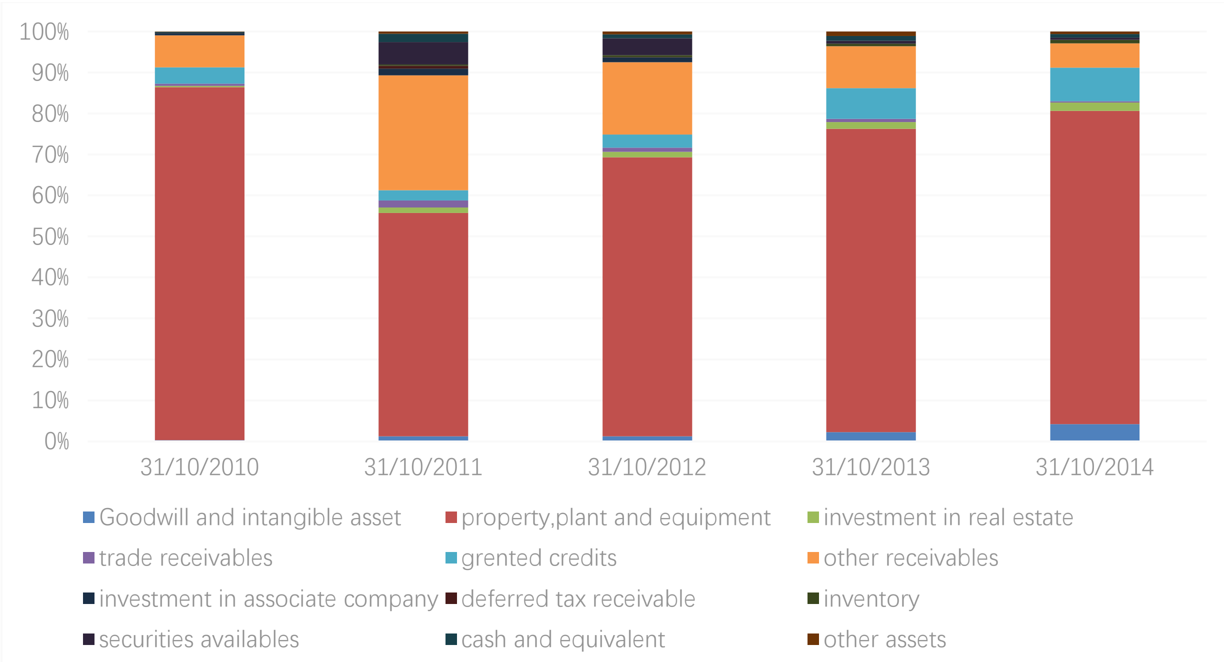
Table 4.1 Common-size of asset (% of total asset)

	31/10/2010	31/10/2011	31/10/2012	31/10/2013	31/10/2014
Goodwill and intangible asset	0.29%	1.21%	1.20%	2.25%	4.22%
property, plant and equipment	86.14%	54.55%	68.12%	73.98%	76.42%
investment in real estate	0.28%	1.33%	1.31%	1.69%	2.03%
trade receivables	0.56%	1.65%	1.00%	0.79%	0.34%
granted credits	3.99%	2.51%	3.19%	7.43%	8.20%
other receivables	7.83%	28.07%	17.68%	10.26%	5.93%
investment in associate company	0.51%	1.65%	1.19%	-	-
deferred tax receivable	0.03%	0.66%	0.02%	-	-
inventory	0.05%	0.31%	0.49%	0.61%	0.81%
securities available	0.01%	5.51%	4.13%	0.69%	0.58%
cash and equivalent	0.21%	2.03%	0.97%	1.24%	0.81%
other assets	0.10%	0.52%	0.69%	1.06%	0.66%
total assets	100%	100%	100%	100%	100%

Source: own elaboration based on company's annual reports.

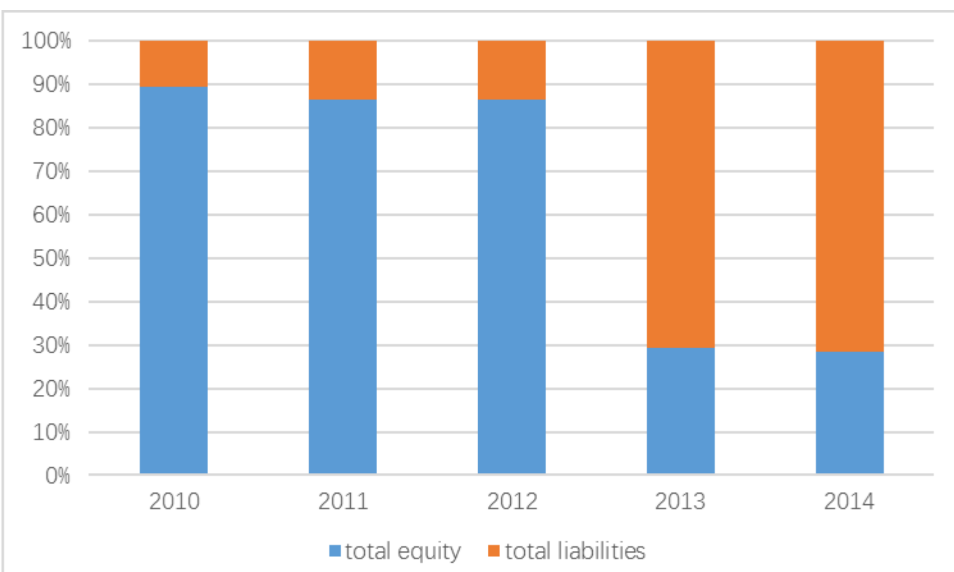
The capital structure of TMR company according to this chart 4.2 shows that equity takes their biggest composition during the year of 2010 to 2012. Over this three years equity always takes over 80% of TMR company's capital structure, but from 2013 to 2014, the liabilities take their biggest composition, over this two years liability always takes over 70% of TMR company's capital structure. The reason is that total share capital, share premium, retained profit and other funds and equity fallen to persons with participation subsidiary's equity all kept constant increased during 2010 to 2012, and the total equity always more than total liabilities, but beginning year of 2013, the long-term liabilities and current liabilities start to increase, and total equity start to decrease, besides, the value of total liabilities are more than total equity. According to the company's financial new "The Company wants to utilize the capital raised from the issue mainly to pay

Chart 4.1 Common size statement (common size of total asset)



Source: own elaboration based on company's annual reports.

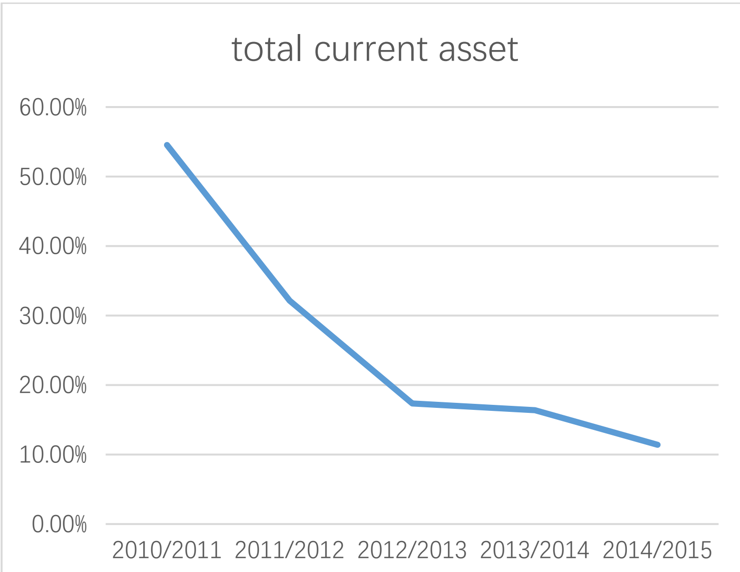
Chart 4.2 Change in percentage of equity and liabilities over the total assets.



Source: own elaboration based on company annual reports.

pay shareholders from the decrease of share capital, which decreases from EUR 174.4 million to 46.95 million as of 22 October 2013 based on the shareholders' decision." Because of this reason, the value of equity decreased against the value of liabilities.

Chart 4.3 Percentage of current assets to total assets.



Source: own elaboration based on company's annual reports.

From chart 4.3 we can see that is a constant decrease from 2010 to 2014 of the percentage of total current assets to total assets. The reason is that company was investing on expanding company and acquiring company. In April 2011, the company acquired Tatralandia Holiday Resort company and in 2013, the company acquired other 50% in Interhouse, s.r.o. what's more, the company acquired a 97% share in a Polish ski resort Szczyrkowski Ośrodek Narciarski S.A. It made current assets change into non-current assets. Besides, we can see that decreasing speed of current assets of 2012 to 2014 was lower than before, because the company wanted to increase its liquidity, and the company's capital structure has less changes.

Table 4.2 Revenue of company

	2011	2012	2013	2014	2015
Mountain and Leisure	28,097	31,836	39,230	41,124	52,951
Hotels	11,732	13,404	14,888	14,532	16,751
Real estate	119	289	299	653	1,213
Total	39,948	45,529	54,417	56,309	70,915

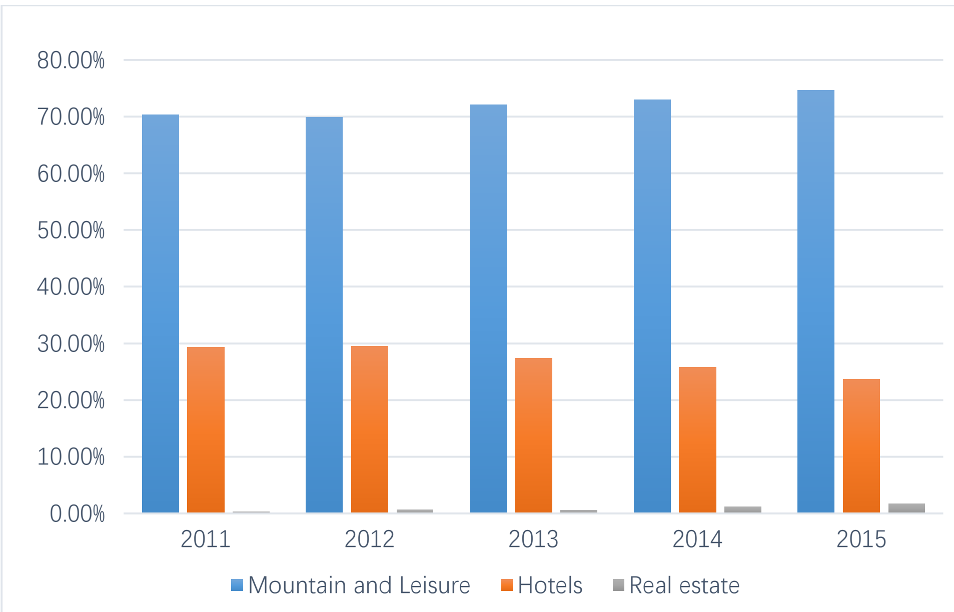
Source: own elaboration based on company's annual reports.

Table 4.3 Common-size in revenue (% in total revenue)

	2011	2012	2013	2014	2015
Mountain and Leisure	70.33%	69.92%	72.09%	73.03%	74.67%
Hotels	29.37%	29.44%	27.36%	25.81%	23.62%
Real estate	0.30%	0.63%	0.55%	1.16%	1.71%

Source: own elaboration based on company's annual reports.

Chart 4.4 Change in percentage of hotels, real estate and mountain&leisure over the revenue.



Source: own elaboration based on company's annual reports.

The company's revenues mainly come from the three business activities. These activities are mountain&leisure, hotels and real estate. From table 4.2 and chart 4.4, we can see that the mountain&leisure is mainly revenues source, then the hotels, finally the real estate. The mountain&leisure can be divided into four segments. They are mountain resorts, apuapark, dining and sport services&stores. Company provides different services to customers. For example, In summer, it provides possibility of trips to the top of Lomnický štít in 2,634 m a.s.l. "The resort is regularly extending its offer of services and today it offers a number of attractions, such as scooter rides, trampolines, archery and an authentic project for children - Tatras wilderness. And in winter, customers can ski in different altitudes, customers can select level according to their own capacity. What's more, the company provides various foods to customers and satisfied the customer's taste demand. It may be because these factors, mountain&leisure can get the most revenues in these three activities." [1]

4.1.2 Horizontal common-size analysis

This part describes horizontal common-size analysis of TMR company. This method reflects current financial condition information of a company and reflect previous financial condition information. This method means that current information compare with previous financial condition.

Table 4.4 Balance sheet of TMR company (in thousand euro)

	2010	2011	2012	2013	2014
total long-term assets	136,578	213,821	264,407	288,922	318,590
total current asset	163,969	101,304	55,505	56,582	41,029
total asset	300,547	315,125	319,912	345,504	359,619
total equity	269,009	272,686	276,416	101,477	102,312
total long-term liabilities	21,925	29,413	26,063	48,021	232,305
total current liabilities	9,613	13,026	17,433	196,006	25,002

Source: own elaboration based on company's annual reports.

From table 4.4 and table 4.5 we can see changes of each item in balance sheet from 2010 to 2014. According to the table, compared with the total long-term assets of 2010, increased by 56.56% in 2011, and increased by 93.59% in 2012, however, in 2013 and 2014, the total long-term asset had a bigger increase. On the contrary, compared with the total current assets of 2010, decreased by 38.22% in 2011, and decrease by 66.15% in 2012, and in 2013 and 2014, the total current assets decreased by 65.49% and 74.98%, respectively. What's more, compared with total equity of 2010, increased by 1.37% in 2011, and increased by 2.75% in 2012, but in 2013 and 2014, the total equity

[1]*Source:http://www.tmr.sk/data/modules/document.manager/documents/vyrocne_spravy/2014/vs_tmr_2014_en.pdf*

decreased by 62.28% and 61.97%, respectively. In addition, compared with total long-term

Table 4.5 Percentage change of each item in balance sheet (2010 as a base year)。

	2011	2012	2013	2014
total long-term assets	56.56%	93.59%	111.54%	133.27%
total current asset	-38.22%	-66.15%	-65.49%	-74.98%
total asset	4.85%	6.44%	14.96%	19.65%
total equity	1.37%	2.75%	-62.28%	-61.97%
total long-term liabilities	34.15%	18.87%	119.02%	959.54%
total current liabilities	35.50%	81.35%	1938.97%	160.09%

Source: own elaboration based on company's annual reports.

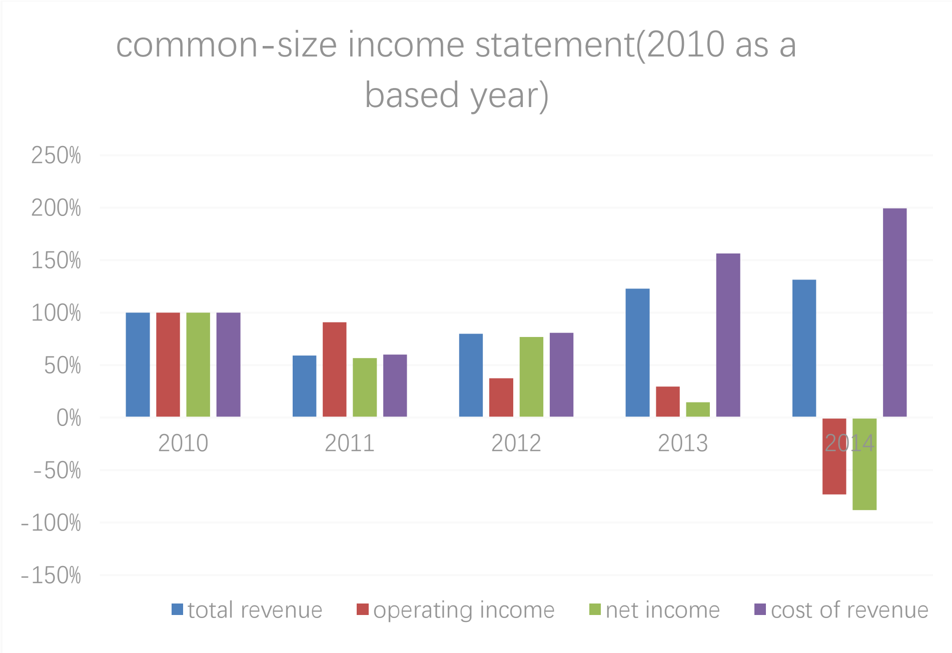
liabilities and total current liabilities of 2010, from 2011 to 2013, the total long-term liabilities and total current liabilities all have bigger increase. Especially in 2013, the current liabilities have a big increase. The value of total current liabilities is 196,006,000 EUR, the reason is that the company's liabilities to shareholders from decrease of share capital has a big increase. But in 2014, compare with the total long-term liabilities of 2010, increased by 959% in 2014.

Table 4.6 Common-size income statement. (2010 as a base year)

	2010	2011	2012	2013	2014
total revenue	100%	59.25%	79.99%	122.89%	131.36%
operating income	100%	90.73%	37.45%	29.46%	-73.25%
net income	100%	56.75%	76.87%	14.67%	-88.14%
cost of revenue	100%	60.02%	80.96%	156.44%	199.40%

Source: own elaboration based on company's annual reports.

Chart 4.5 Common-size income statement of the company.



Source: own elaboration based on company's annual reports.

According to table 4.6 and chart 4.5, compared with total revenue of 2010, increased by 59% in 2011, increased by 79% in 2012, increased by 122% in 2013 and increased by 131% in 2014. From 2010 to 2014, TMR company maintained a steady growth in revenue. It's good to the company. In addition, compared with operating income of 2010, increased by 90% in 2011, increased by 37% in 2012 and increased by 29% in 2013, but decreased by 73% in 2014, the reason is that the company has many expense of interest and some expense for the depreciation and amortization. As you can see, the expenses are more than expense of year of 2010. From this trend we can see that company's operating income with a constant increased over time, except operating income in 2014. Then, from these table, we can find, with operating income increased, the net income also kept a constant increased over time, and decreased in 2014, it was same as operating income. From 2010 to 2014, the rapid development of the company, and company spent much money on every aspect of the company, so we can see that cost of revenue kept increasing during 2010 to 2014. Especially in 2014, compared with cost of revenue of 2010, increased by 199%.

4.2 Ratios analysis

This part mainly refers to analyze ratios of TMR company and different examples of company show you.

4.2.1 Liquidity ratios

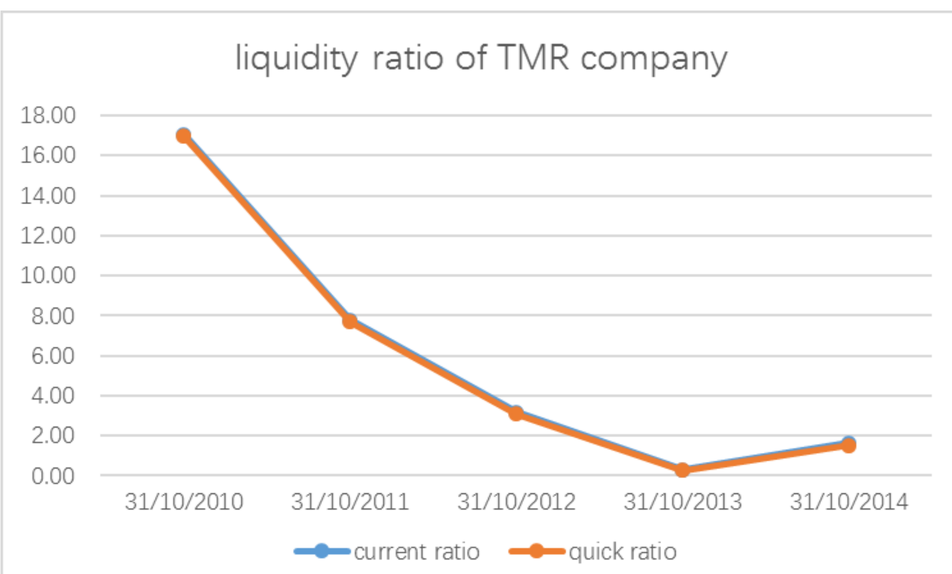
There are liquidity ratios of TMR company from 2010 to 2014.

Table 4.7 Liquidity ratio of TMR company. (in thousand euro)

	31/10/2010	31/10/2011	31/10/2012	31/10/2013	31/10/2014
total current asset	163, 969, 000	101, 304, 000	55, 505, 000	56, 582, 000	41, 029, 000
total current liabilities	9, 613, 000	13, 026, 000	17, 433, 000	196, 006, 000	25, 002, 000
inventories	676, 000	985, 000	1, 567, 000	2, 115, 000	2, 912, 000
cash and equivalent	2, 769, 000	6, 391, 000	3, 113, 000	4, 280, 000	3, 903, 000
current ratio	17. 06	7. 78	3. 18	0. 29	1. 64
quick ratio	16. 99	7. 70	3. 09	0. 28	1. 52
cash ratio	0. 29	0. 49	0. 18	0. 02	0. 16

Source: own elaboration based on company's annual reports.

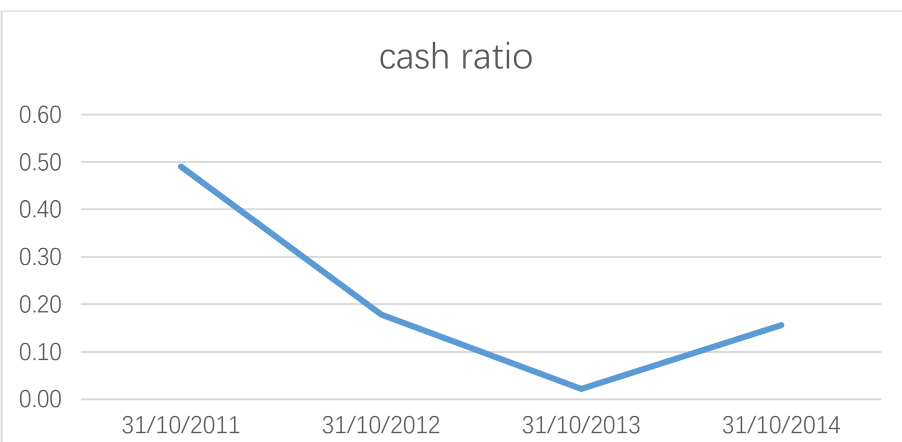
Chart 4.6 Liquidity ratio of TMR company



Source: own elaboration based on company's annual reports.

On the whole, the change trend of two ratios is the same. Continued to fall from 2010 to 2013, and started to rise in 2013. A higher ratio indicates a higher level of liquidity for the enterprise. In industrial companies, a current ratio of 2 to 1 has been considered a sort of standard minimum. "David Hey Cunningham believes that a reasonable rule of thumb measure is 1.5 to 1" [2]. If a company's current ratio is in this range, then it generally indicates good short-term financial strength. If current liabilities exceed current assets (the current ratio is below 1), then the company may have problems meeting its short-term obligations. If the current ratio is too high, then the company may not be efficiently using its current assets or its short-term financing facilities. Then, according to the table 4.7 and the chart 4.6, we can find that current ratio always higher than 2 during 2010 to 2012, it reflects that the company may not be efficiently using its current assets or its short-term financing facilities. but in 2013, the current ratio was lower than 1. It referred to the TMR company has low ability to pay back the current liabilities during 2013. However, in 2014, the company's current ratio is between 1.5 and 2. It means that the company for a healthy condition. But this is just for one-side, the quick ratio also needs to be used. The quick ratio usually should be kept at 1, we can find all the year, quick ratio was higher than 1 except the year of 2013, in 2013, the quick ratio was lower than 1. From table and chart, we can know that company not left enough cash in 2013.

Chart 4.7 Cash ratio of the company.



Source: own elaboration based on company's annual reports.

[2] *Source: http://www.hayajneh.org/Stock_Trading_Rules_of_Thumb/*

The cash ratio normally represents a reliable measure of an individual company's liquidity in a crisis situation. The higher cash ratio means that the cash take a high proportion in the company. From the chart 4.7, in 2013, the cash ratio at lowest point, it reflects the company held less cash than before, and the liabilities kept increased.

4.2.2 Sovency ratio

This ratio measure a company's ability to repay the debt.

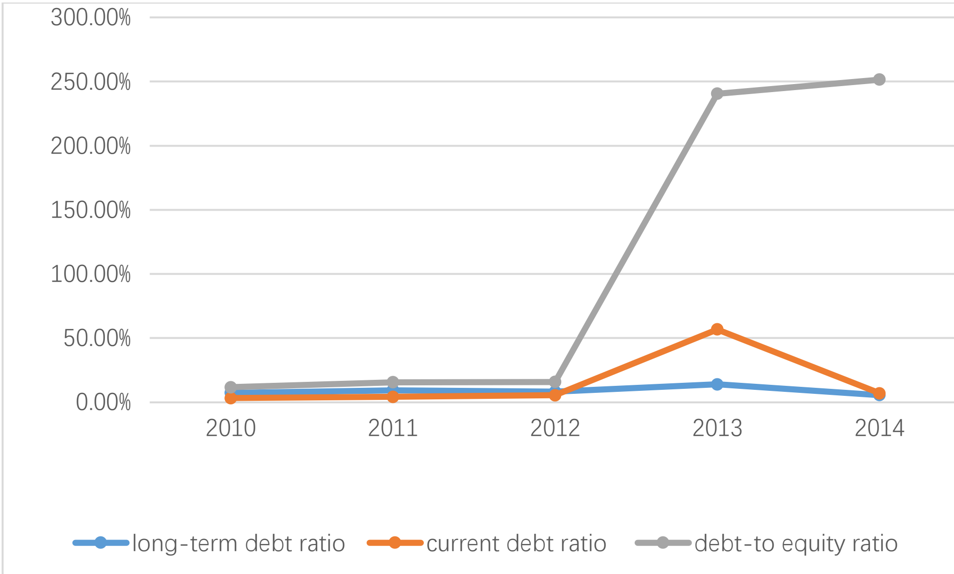
Compared with current debt, long-term debt ratio is more stable, and company will not face situation that lack of liquidity, but compared with equity of shareholders, higher long-term debt ratio will lead to lower equity of shareholders, at the same time, capital structure of company will face risk. In a word, "the long-term debt ratio shouldn't be too high, generally the index is below 20%." Then, according to table 4.8 and chart 4.8, we can find the long-term debt ratio always below 20% during 2010 to 2014. The reason is that the company's long-term debt at a lower level. Next, the higher current debt ratio, the stronger the company's dependence on short-term funds. From the table, we can see that current debt ratio always kept low except the year of 2013. The debt to equity ratio reflect that the amount of debt capital relative to equity capital, a lower ratio generally means better long-term financial condition of company. "For most companies the maximum

Table 4.8 Leverage ratio of TMR company (in thousand euro).

	2010	2011	2012	2013	2014
long-term liabilities	21,925	29,413	26,063	48,021	203,305
short-term liabilities	9,613	13,026	17,433	196,006	25,002
total asset	300,547	315,125	319,912	345,504	359,619
total liabilities	31,538	42,439	43,496	244,027	257,307
total equity	269,009	272,686	276,416	101,477	102,312
long-term debt ratio	7.30%	9.33%	8.15%	13.90%	5.61%
current debt ratio	3.20%	4.13%	5.45%	56.73%	6.95%
debt-to equity ratio	11.72%	15.56%	15.74%	240.48%	251.49%
financial leverage	111.72%	115.56%	115.74%	340.48%	351.49%

Source: own elaboration based on company's annual reports.

Chart 4.8 Leverage ratio of TMR company.



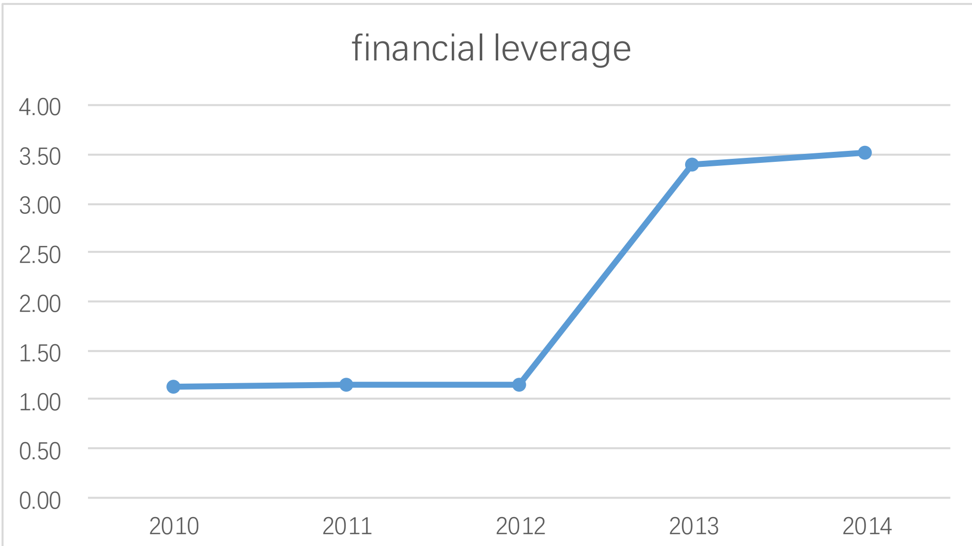
Source: own elaboration based on company's annual reports.

acceptable debt-to-equity ratio is 1.5-2 and less. For large public companies the debt-to-equity ratio may be much more than 2, but for most small and medium companies it is not acceptable." [3]US companies show the average debt-to-equity ratio at about 1.5. So, from table and chart, we can find that debt to equity ratio less than 1 during 2010 to 2012, it means the company of liabilities are less than the equities. and the ratio higher than 2. It means the company has too much liabilities, and by comparison, the company has less equities.

Financial leverage ratio is an important ratio for company, the higher the financial ratio leverage, the more levered the company is in the sense of using debt and other liabilities to financial assets. Then, financial leverage ratio always more than 1. From chart 4.9, during 2012 to 2013, the value of financial leverage ratio has a big increase, the reason is that the total assets of company have a big increase, but the equities of company has a big decrease. So the value of ratio has a significant increase.

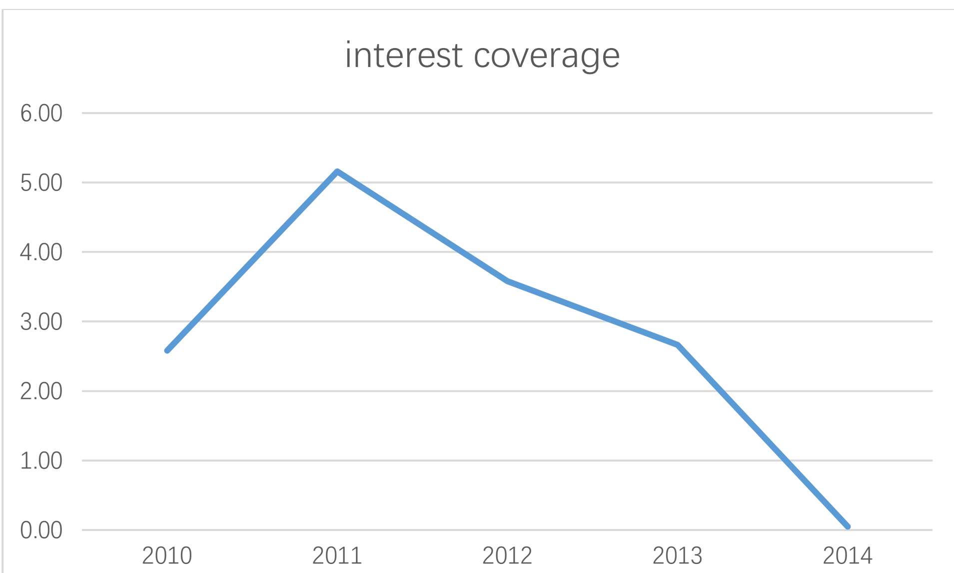
[3]*Source: http://www.readyratios.com/reference/debt/debt_to_equity_ratio.html*

Chart 4.9 Financial leverage ratio of Tatry Mountain Resorts company.



Source: own elaboration based on company's annual reports.

Chart 4.10 Interest coverage of Tatry Mountain Resorts company.



Source: own elaboration based on company's annual reports.

the ratio measures the number of times a company's EBIT could cover its interest payments. A higher interest coverage ratio indicates stronger solvency, offering greater assurance that the company can service its debt. From the chart 4.8, we can see that the interest coverage of the company at a highest point in 2011, and at the lowest point in 2014. The reason is that the value of EBIT of company is at most, and there are relatively few value of interest costs. But in 2014, the value of EBIT of company was at lowest, and the value of interest cost was at most during these five years.

4.2.3 Profitability ratios

Profitability ratio reflects a company's competitive position in the market and the quality of its management.

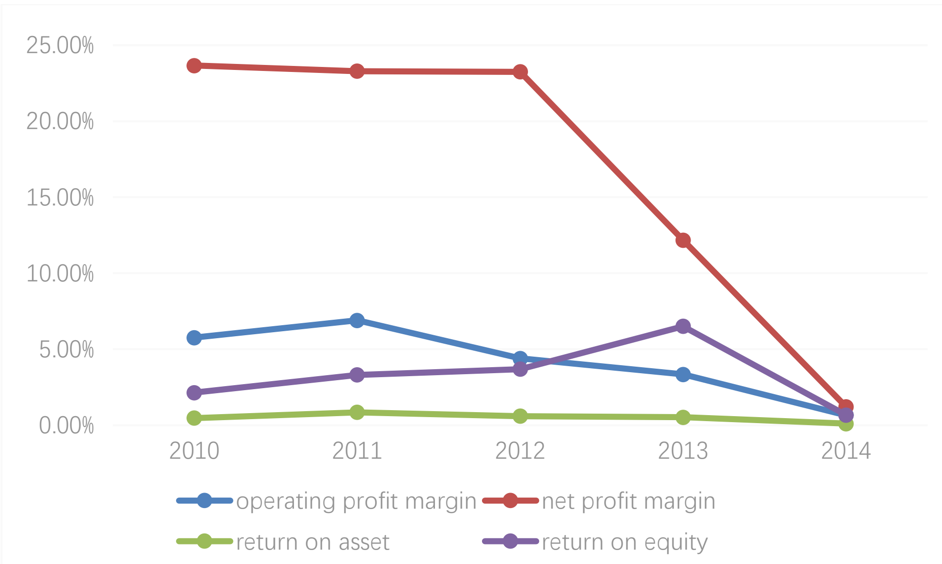
Table 4.9 Profitability ratios of TMR company（in thousand euro）.

	2010	2011	2012	2013	2014
total revenue	24,338	38,758	43,807	54,248	56,309
operating income(EBIT)	1,402	2,674	1,927	1,815	375
net income(EAT)	5,759	9,027	10,186	6,604	683
total asset	300,547	315,125	319,912	345,504	359,619
total equity	269,009	272,686	276,416	101,477	102,312
operating profit margin	5.76%	6.90%	4.40%	3.35%	0.67%
net profit margin	23.66%	23.29%	23.25%	12.17%	1.21%
return on asset	0.47%	0.85%	0.60%	0.53%	0.10%
return on equity	2.14%	3.31%	3.69%	6.51%	0.67%

Source: own elaboration based on company's annual reports.

Operating profit margin is a very important ratio for company, the higher operating profit margin ratio, the stronger ability of profitability of company. So, from table 4.9, we can see that the operating profit margin was not very high during 2010 to 2014. In 2010, the operating profit margin started to increase, but in 2011, the operation profit margin started to decrease. All the time, the ratio was less than 7%, what's more, in 2014, the operating profit margin even below to 1%. Then, let us see the net profit margin, from the chart, we can see that the net profit margin was 23.66%. And from 2010 to 2012, this ratio always kept around 23%. But stated to the year of 2012, the ratio began to fall, what's more, in 2014, the ratio below to 2%, we can from table 4.7 find that the company of net income began to fall in 2012, especially in 2014, the value of net income just was 683,000 EUR, it made net profit margin decreased.

Chart 4.11 Profitability ratios of TMR company.



Source: own elaboration based on company's annual reports.

Operating profit margin is a very important ratio for company, the higher operating profit margin ratio, the stronger ability of profitability of company. So, from table 4.9, we can see that the operating profit margin was not very high during 2010 to 2014. In 2010, the operating profit margin started to increase, but in 2011, the operation profit margin started to decrease. All the time, the ratio was less than 7%, what's more, in 2014, the operating profit margin even below to 1%. Then, let us see the net profit margin, from the chart, we can see that the net profit margin was 23.66%. And from 2010 to 2012, this ratio always kept around 23%. But stated to the year of 2012, the ratio began to fall, what's more, in 2014, the ratio below to 2%, we can from table 4.9 find that the company of net income began to fall in 2012, especially in 2014, the value of net income just was 683000 EUR, it made net profit margin decreased.

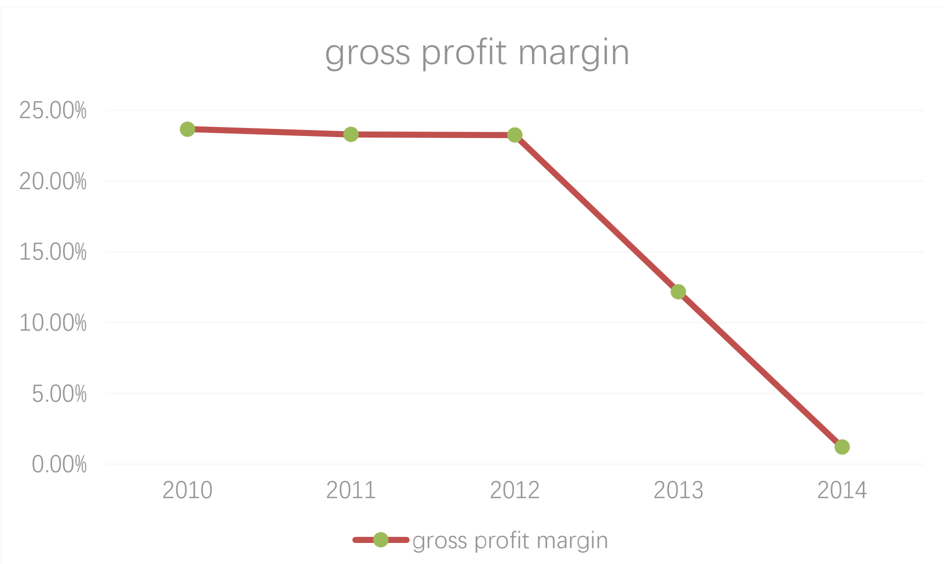
According to this chart 4.11, we can find that return on asset ratio and return on equity ratio are not very high, these ratio all below to 7%, Especially return on asset ratio was very low, these were around 0.5%. From the formula, return on asset is a ratio for EBIT and assets and return on equity is a ratio for EAT and equity. From table 4.6 we can see that total equity was less than total liabilities during 2013 to 2014. So, from the chart we can see the return on equity's value is very small.

Table 4.10 Gross profit margin of TMR company(in thousand euro).

	2010	2011	2012	2013	2014	
total revenue	24, 338	38, 758	43, 807	54, 248	56, 309	
cost of revenue	18, 579	29, 731	33, 621	47, 644	55, 626	
gross profit margin	23. 66%	23. 29%	23. 25%	12. 17%	1. 21%	

Source: own elaboration based on company's annual reports.

Chart 4.12 Gross profit margin of TMR company.



Source: own elaboration based on company's annual reports.

Gross profit margin ratio is the initial basis for net profit margin. From this chart, we can see from 2010 to 2014, TMR company's gross profit ratio are less than 25%. During 2010 to 2012, the gross profit ratio are more than 20% but lees than 25%. However, the year of 2012 is a turning point. Starting in 2012, the ratio was a rapid decrease, and in 2014, the ratio drops to 1.21%. in spite of company's revenues increasing, the cost of revenues has a big increase, so the gross profit has a big decrease.

4.2.4 activity ratios

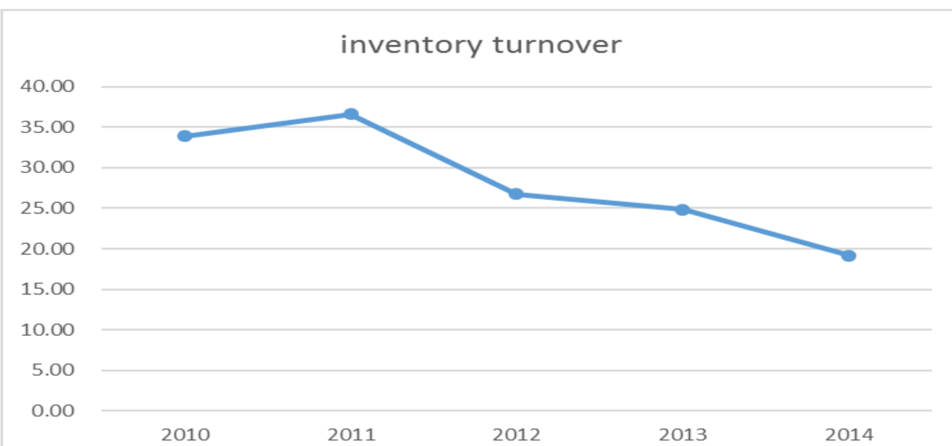
These ratios are important in determining whether a company's management is doing a good enough job of generating revenues, cash, etc. from its resources. This part, actibity ratios of Tatry Mountain Resorts are described.

Table 4.11 Activity ratio of TMR company (in thousand euro).

	2010	2011	2012	2013	2014
revenues	22, 936	36, 084	41, 880	52, 533	55, 934
inventory	676	985	1, 567	2, 115	2, 921
total asset	300, 547	315, 125	319, 912	345, 504	359, 619
inventory turnover	33. 93	36. 63	26. 73	24. 84	19. 15
inventory days	10. 61	9. 83	13. 47	14. 49	18. 80
total asset turnover	0. 08	0. 11	0. 13	0. 15	0. 16

Source: own elaboration based on company's annual reports.

Chart 4.13 Inventory turnover of TMR company.



Source: own elaboration based on company's annual reports.

About these ratio, we have an explanation such as "the higher the inventory turnover ratio, the shorter the period for which the inventory is held and therefore the lower the number of days of inventory on hand. A lower inventory turnover ratio and commensurately a high number of days of inventory on hand) could be an indicator of slow-moving inventory."[4]. The higher inventory turnover ratio, the higher efficiency of capital.

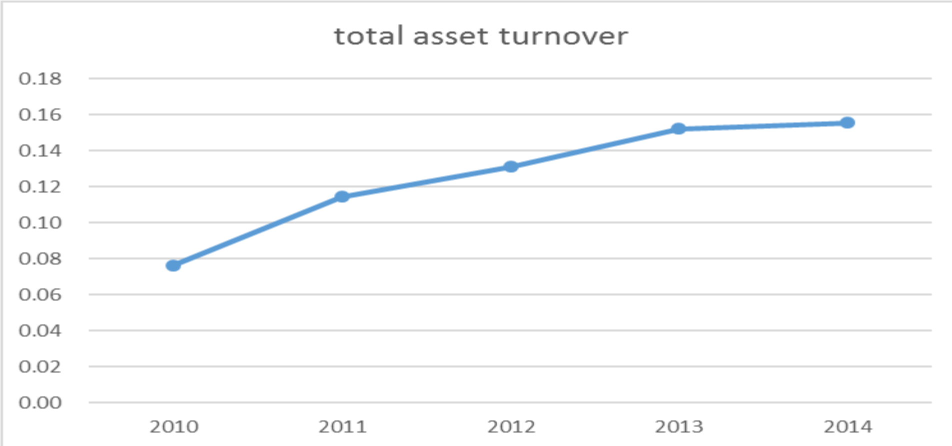
Chart 4.14 Inventory days of TMR company.

Source: own elaboration based on company's annual reports.

So, from chart 4.13 and chart 4.14 we can see, trend of these two indexes is reversed. It means that when inventory turnover ratio increase, the inventory days will decrease. In 2010, inventory turnover ratio was 33.93 and inventory days was 10.61. And from 2010 to 2011, the inventory turnover ratio kept rising, and inventory days kept falling. But from 2011 to 2014, the inventory turnover ratio kept a constant increased, but inventory days kept a constant decreased, the reason is that the revenue of growth is slower than inventory. Inventory days at a top day of around 19, and the inventory turnover at a lowest ratio of around 19.15.

[4] *source: Dluhosova et al.(2014)*

Chart 4.15 Total asset turnover of TMR company.



Source: own elaboration based on company's annual reports.

The total assets turnover ratio measures the company's overall ability to generate revenues with a given level of assets. The higher asset turnover ratio means that the faster total asset turnover, and the stronger ability of sales. According to chart 4.15, we can know that total asset turnover ratio of the company kept a constant increased during 2010 to 2014, the ratio at a top ratio of around 16%. It reflects that the company's total asset turnover is more and more faster and the sales ability is more and more stronger. Of course, from table 4.11 we can know the value of revenues of company also will be increased when total asset turnover ratio increased. It also means that the ratio was kept increased, the reason is that the revenues of company kept a constant increased.

5 Conclusion

It is the final part of the thesis. In the previous chapters, we have already introduced the basic information of TMR company, described the basic financial analysis methodology and put it into practice. We use common-size analysis, financial ratios analysis in fourth part. Now, we can make some conclusion.

Actually, from my analysis of TMR company, we found that the company make less profit when the company carried on the development and innovation. So, in many cases, growing and making more profit, the company can't have both. But, once the company make great progress, it can make more profit than before. Of course, by analyzing the financial of company, we find the liabilities and equities have proportion problem. In total assets of company, liabilities more than equities, if continue like this company will face risk of capital structure. Certainly, we can't deny the fact that the revenues are more than before, but we also can find the fact that the net profit are less than before, we don't rule out the fact that the company are growing now, but, making normal profit is a very important thing to ensure the company normal operation. At same time, it will give shareholders and customers confidence to believe the company. In addition, the company should focus first on project of high revenue and project of popular, then the company also should improve project of low revenue and project of unpopular.

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List of Abbreviations

DTAR	Debt-to-asset ratio
DTER	Debt-to-equity ratio
GPM	Gross profit margin
IT	Inventory turnover
ROA	Return on asset
ROE	Return on equity
TAT	Total asset turnover
EBIT	Earnings before interest and tax
EAT	Earnings after tax
CF	Cash flow

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....
Student's name and surname

List of Annexes

Balance sheet of Tatry Mountain Resorts company. (1000 EUR)

	2010	2011	2012	2013	2014
asset					
goodwill and intangible	3,897	3,805	3,848	7,774	15,120
property,plant and equipment	115,174	171,639	217,923	255,605	274,064
investment in real estate	3,714	4,194	4,194	5,851	7,264
trade receivables	1,220	1,153	-	-	-
granted credits	5,116	7,674	10,050	16,071	21,966
other receivables	206	18,095	24,529	3,621	176
investment in associate company	6,882	5,179	3,802	-	-
deferred tax receivable	369	2,082	61	-	-
total long-term assets	136,578	213,821	264,407	288,922	318,590
inventory	676	985	1,567	2,115	2,921
trade receivables	6,273	4,046	3,194	2,724	1,213
granted credits	48,272	236	171	9,586	7,444
other receivables	104,498	70,225	32,037	31,843	21,101
securities available for sale	85	17,337	13,207	2,369	2,081
cash and equivalents	2,769	6,391	3,113	4,280	3,903
other asset	1,396	1,626	2,216	3,665	2,366
total current asset	163,969	101,304	55,505	56,582	41,029
total asset	300,547	315,125	319,912	345,504	359,619
equity					
total share capital	221,338	221,338,	221,338	46,950	46,950
share premium	30,430	30,430	30,430	30,430	30,430
retained profit and other funds	17,241	20,918	24,648	24,097	17,493
equity fallen to persons with participationin subsidlay's equity	269,009	272,686	276,416	101,477	102,065,
uncotrollablle share	-	-	-	-	-

total equity	269,009	272,686	276,416	101,477	102,312
liabilities					
credit and loans	11,924	14,807	12,890	28,882	33,692
trade liabilities	73	13	-	-	-
reserves	20	20	20	25	52
other long-term liabilities	879	611	104	215	-
deferred tax liability	9,029	13,962	13,049	18,899	-
total long-term liabilities	21,925	29,413	26,063	48,021	232,305
credit and loans	2,255	3,118	3,263	9,846	10,035
trade liabilities	2,798	4,915	10,985	7,599	4,370
reserves	310	464	-	-	-
tax due liabilities	52	1,121	-	-	-
other current liabilities	4,198	3,408	3,084	178,344	4,454
total current liabilities	9,613	13,026	17,433	196,006	25,002
total liabilities	31,538	42,439	43,496	244,027	257,307
total liabilities and stockholder's equity	300,547	315,125	319,912	345,504	359,619

Income statement of Tatry Mountain Resorts company (1000 EUR)

	2010	2011	2012	2013	2014
revenues	22,936	36,084	41,880	52,533	55,934
other operation income	1,402	2,674	1,927	1,815	375
total income	24,338	38,758	43,807	54,248	56,309
material and goods	-3,560	-5,397	-6,272	-8,316	-9,491
purchases services	-8,459	-12,110	-12,561	-	-
staff cost	-5,404	-8,764	-10,412	-	-
other operation costs	-271	-1,020	-525	-	-
profit on asset sale	66	362	102	-	-
addition and release of adjusting item	-77	-4,	-145	-	-
EBITDA	6,633	12,219	13,986	18,566	18,411
depreciation and amortization	-6,831	-8,120	-7,763	-10,550	-13,317
asset value decrease	-505	800	-	-	-
goodwill value decrease	-	-3,300	-173	-350	0
loss before interest and tax (EBIT)	-703	1,599	6,050	7,666	5,094
yield of interest	8,296	7,556	3,433	-	-
interest cost	-543	-518	-538	-681	-7,766
financial instrument cost.net	-1,642	-1,706	1,527	538	-280
associate company loss	-46	-1,703	-1,418	5,242	0
negative goodwill	122	8,106	3,241	0	1,569
profit(loss)	5,484	13,334	12,295	10,974	92
other parts of the profit or loss	-14,000	-15,000	-17	21	0
total profit or loss	5,745,000	9,177,000	10,169	6,625	564
total profit or loss per	857,000	1,346,000	1,519	985	105